# Relationship between Certain Corporate Governance Mechanisms and Their Functions in Companies Listed at Tehran Stock Exchange

Dr. AbdolkarimMoghaddam

Assistant professor of Payame Noor University

Tehran, Iran

**Abstract**

It is obvious that the stock market plays an important and vital role in the domestic economy. This market not only leads stagnant money and capital to firms, but also is considered as an indicator of economic prosperity. One of the key elements for decision making in these markets is corporate financial statements. These financial statements reflect the results of operational activities of companies in a financial period, and are considered as the principal basis for most of the decision makings, the evaluation models and pricing of shares. Due to the weaknesses, shortcomings and failures in the process of preparing the profit or loss statements, such as conflict of interest between information providers and investors, using the evaluation and estimation in preparing some of the profit or loss elements, the possibility to use various accepted accounting methods and issues such as income smoothing, etc., the use of financial statements as an important criterion for decision making has been threatened. This study tries to study the effect of one of the methods for reducing the risks of these procedures which in the professional communities is known as corporate governance mechanisms, on the liquidity ratios.